

# **THE LEONARD LETTER**

*A weekly electronic newsletter about  
California government, business and taxes*

*Bill Leonard, Member  
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## **QUOTE OF THE WEEK**

*“Freedom, morality, and the human dignity  
of the individual consists precisely in this;  
that he does good not because he is forced to do so,  
but because he freely conceives it, wants it, and loves it.”*

*-- Mikhail A. Bakunin (1814-1876)*

*Source: God and The State, 1871*

## **UNDER THE DOME**

### **\*\*\*Outstanding Obligations\*\*\***

Voters are being asked to approve more than \$40 billion in new state bonds this November. The bonds are advertised as building necessary infrastructure, from repairing levees to expanding freeways to ensuring safe drinking water. The campaigns for these measures lead Californians to believe that absent approving these vast borrowings, the state will have no money to undertake these types of projects. We have also been told that if we approve all these bonds, the state still has the financial capacity to service this new debt. If all the bonds are approved, the total taxpayer tab will ultimately be about \$84 billion, at a rate of \$2.83 billion per year. That will be added to our existing projected debt service payments this year of more than \$4 billion.

I know those number are staggering, but it gets worse. The state has more than \$26.6 billion in voter-approved, general fund bonds that have not yet been issued to the market. (Note: this does not include the Economic Recovery Bonds, so-called Enterprise Bonds, and Commerical Paper notes.) To see the list, which includes education, water, parks, prisons, and more, go to this link and scroll to Appendix 1:

<http://www.treasurer.ca.gov/publications/2006dar.pdf>

The state Treasurer's office estimates how much in new bonds will be issued in years ahead. Before we even think about any of the proposed new bonds being issued, consider that in 2006-2007, the state is planning to issue \$5 billion in previously approved bonds

and in 2007-2008 another \$5.5 billion. That means at least another large increase in debt service in 2007 even if no new bonds are authorized.

So before you vote, I urge you to think about the staggering amount of money we taxpayers shell out every year to pay the state's mega credit card and ask yourself if we wouldn't do better by using that money each year to actually build things instead of creating more debt.

## **ON THE TRAIL**

### **\*\*\*Kudos to Video Voter\*\*\***

If you have not yet voted or do not believe you know enough about the ballot to make informed decisions, I encourage you to take advantage of the Center for Governmental Studies' Video Voter California. It is available at this link:

[www.videovoter.org/index.php/california](http://www.videovoter.org/index.php/california).

Video Voter includes 2006 Voter Minutes, which are described as "straightforward, neutral video explanations of statewide ballot propositions" and the 2006 candidate statements. Video Voter says all candidates for statewide office appearing on the ballot were invited to participate, and those who took part "were asked the same questions about their qualifications, experience and positions on the issues they may face in the office they are running for."

## **ISSUE FOCUS**

### **\*\*\* "Settled Science" Unsettles Progress\*\*\***

I was impressed last week with an article by Paul Driessen with the Congress of Racial Equality and Atlas Economic Research Foundation about climate change. Driessen eloquently articulates what I have long believed about proclamations that "climate change is real" and that the "science is settled." First, he reminds us about Earth's "constant, natural warming and cooling" by recalling that one thousand years ago Vikings raised crops and cattle in Greenland and grapes were cultivated in Britain. Four centuries later, Europe was frozen out by the Little Ice Age. He writes, "The globe warmed in 1850-1940, cooled for the next 35 years, then warmed slightly again."

What Driessen does differently from most who review the conflicting science on the topic is ask, "[C]an we afford the Quixotic attempt to stall or prevent future climate change?" Consider these figures: the current Kyoto Protocol would cost about \$1 trillion per year "in regulatory bills, higher energy costs and lost productivity. That's several times more than the price tag for providing the world with clean drinking water and sanitation- which would prevent millions of deaths annually from intestinal diseases." Or consider that more than two billion people still do not have electricity. If they did have

power, they could have lights, refrigerators and modern hospitals, but “[i]nstead they breathe polluted smoke from wood and dung fires, and die by the millions from lung diseases. But opposition to fossil fuel power plants, in the name of preventing climate change, ensures that these ‘indigenous’ lifestyles, diseases and deaths will continue.” And then there is this observation about the cost of implementing the Kyoto protocol: “The average American family of four would pay an extra \$2,700 annually for energy and consumer goods, and in US minority communities, the climate treating would destroy 1.3 million jobs and ‘substantially affect’ standards of living.”

Driessen concludes by calling for the kind of common sense, responsible action that is so often missing in public policy debates today: “Real ethics and social responsibility would weigh these costs and benefits, foster robust debate about every aspect of climate change, ensure continued technological advancement, and give a seat at the decision table to the real stakeholders: not climate alarmists- but those who have to live with the consequences of decision that affect their access to energy, health, hope, opportunity and prosperity.”

If you want to review the controversies in the science of climate change, take a look at this site:

[http://www.junkscience.com/Greenhouse/What\\_Watt.htm](http://www.junkscience.com/Greenhouse/What_Watt.htm)

### **\*\*\*Letter from Iraq\*\*\***

You may have already seen this going around the internet, but I believe it poignant enough to share. This is a letter written by an anonymous U.S. Marine serving in Iraq back home to his family. In part, the letter explains why he does not write more often and in doing so, he gives insight into the complex world of war. His perspective is not what you will hear on any news network about what is happening in Iraq, and you will find it disturbing and inspiring at the same time. It made me ever more cognizant of the pride I have for the young people who have left their families to serve our nation and help the good people of Iraq.

<http://www.time.com/time/world/article/0,8599,1543658-1,00.html>

## **MISCELLANY**

### **\*\*\*California County History\*\*\***

Yuba County was one of the state’s original counties, created 1850 and named after the Yuba River by Captain John A. Sutter. The name “Yuba” either came from the Indian village (Yubu, Yupu or Juba) which was near the confluence of the Yuba and Feather rivers, or from the Spanish “uvas silvestres” meaning wild grapes, which were found growing on the river banks.

There is an extensive history of the County and its cities available at

<http://www.calarchives4u.com/history/yuba/index.htm>

You will find that the county's history is tied to mining and agriculture, just as so many of the Mother Lode counties I have already written about. What is compelling about the information available at this site is a unique insight into daily life in the 1850s. For example, there is a mortality report from 1852 that lists the causes of death in the city of Marysville (population 4,500):

Dysentery 40; Unknown causes 26; Fevers 25; Cholera 15; Intemperance 14; Panama Fever 10; Drowned 7; Congestive chills 6 ; Cholera morbus 4; Inflammation of the lungs 4; Suicide 3; Murder 2; Sunstroke 2; Consumption 1; Killed by a horse 1; Croup 1 Measles 1; Pleurisy 1.

It is also fascinating to look at the number and types of businesses that were in town at that time: 6 auction and commission merchants; 16 attorneys-at-law; 5 bankers; 4 bakers; 8 barbers; 2 proprietors of baths; 20 blacksmiths; 3 book sellers and stationers; 8 butchers; 5 proprietors of brick yards; 17 carpenters, joiners and builders; 5 cabinetmakers; 15 clothiers; 6 cigar and tobacco dealers; 2 crockery and glass sellers; an unknown number of coopers; 6 coach, carriage and wagonmakers; 66 clerks and book-keepers; 2 dentists; 6 dry goods merchants; 19 saloon and restaurant-keepers; 4 druggists; 6 editors and publishers; 7 express offices; 12 hay dealers; 5 hardware dealers; 18 hotels; 10 stable keepers; 5 lumber dealers; 54 merchants; 6 painters; 17 physicians; 3 steam flouring mill; 2 steam saw mills; 7 stage proprietors; 7 watchmakers and jewelers; and 35 miscellaneous.

This gives you an idea of how much Marysville was a center for miners and travelers who did not live there, but still used the town and its services a great deal.

### **\*\*\*A Good Read\*\*\***

This week's recommended book touches on an interesting part of California history and profiles an incredible American. "Ship of Gold in the Deep Blue Sea" by Gary Kinder tells the fascinating tale of the search for the SS Central America. The ship sank in September 1857 off the coast of South Carolina and was the worst disaster in U.S. maritime history. On board were shipments of gold from California thought to be in the range of 20 tons, which was a significant proportion of the gold in circulation at the time. The loss of the shipments probably contributed to starting the Panic of 1857. In addition to the history, Kinder details the genius, ingenuity and determination of Tommy Thompson in finding the SS Central America. Over the period of 1985 to 1992, Thompson developed new technology and applied existing technology in novel ways to ensure the success of the venture. He meticulously researched records to find suitable vessels to search for and to apply search theory, an extremely advanced statistical analysis technique, to narrow the search region to a manageable area for the selected vessel. He improved search methods to find the ship and vastly improved undersea robotics to enable recovery of material from the wreck in waters thought to be too deep to allow recovery. In addition to the cutting edge engineering, he also managed the

business, financial and legal difficulties of the enterprise, most of which would have overwhelmed a less determined and capable person. In the words of the federal Circuit Court of Appeals, where the inevitable Admiralty suits were decided, "We cannot imagine anyone demonstrating more diligence, skill and energy ... What [they] have accomplished is, by any measure, extraordinary ... We can say without hesitation that their story is a paradigm of American initiative, ingenuity and determination."

## **BOE AND LEGISLATIVE DATES**

**October 31, 2006** --- Small Business Fair in Sacramento with free tax advice for businesspeople. For information and registration, see <http://www.boe.ca.gov/sutax/tpsched.htm>

**November 1, 2006** --- Last day to apply for an absentee ballot for the general election.

**November 7, 2006** --- General election day.

**November 11, 2006** -- Veterans' Day.

**November 15, 2006** --- Board of Equalization meets in Konocti Harbor with County Assessors.

**November 20-21, 2006** -- Board of Equalization meets in Sacramento.

**November 23, 2006** --- Thanksgiving Day.

**December 4, 2006** --- The 2007-08 Regular Session of the Legislature convenes for an organizational session at 12 noon (Art. IV, Sec. 3(a)).

## **NOTABLE DATES/ HISTORY**

**October 30, 1938** --- Orson Welles broadcast a dramatization of H.G. Wells' "War of the Worlds," causing panic throughout the U.S.

**October 31, 1517** --- German theologian and religious reformer Martin Luther published his Ninety-Five Theses, denouncing the sale of indulgences (pardons for sins) and stressing salvation through the grace of God alone.

**November 1, 79** --- The city of Pompei was buried when Mt. Vesuvius erupted.

**November 1, 1765** --- The British Parliament enacted the Stamp Act on the American colonies.

**November 1, 1776** --- Mission San Juan Capistrano was founded.

**November 1, 1800** --- John Adams became the first President to live in the White House.

**November 2, 1783** --- General George Washington bade farewell to his army.

**November 2, 1947** --- Howard Hughes' "Spruce Goose" flew for the first and last time.

**November 2, 1983** --- President Reagan signed a bill establishing a national Martin L King Day.

**November 3, 1953** --- The first coast-to-coast live color telecast aired.

**November 4, 1845** --- Date of the first nationally observed uniform election day in U.S.

**November 4, 1873** --- San Francisco Dentist John Beers patented the gold crown.

**November 4, 1979** --- Student followers of Ruhollah Khomeini stormed the U.S. Embassy in Tehran, taking 63 Americans hostage.

**November 4, 1995** --- Israeli prime minister Yitzhak Rabin was assassinated.

**November 5, 1895** --- American inventor George B. Selden patented the gasoline-powered automobile.

**November 5, 1973** --- BART started San Francisco-Daly City train shuttle service.

## **GENERAL TAX INFORMATION**

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115  
TDD service for the hearing impaired  
TDD phones: 800-735-2929  
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

## **HOW TO CONTACT ME**

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